

# **EXHIBIT G**

**FILED UNDER SEAL PENDING  
MOTION TO SEAL**

**From:** ELDRIDGE RHONDA  
**Sent:** Monday, July 26, 2004 10:37:30 AM  
**To:** LOBLER JOOST (UK)  
**Subject:** Redacted Excerpt from Compliance Committee meeting

For your info

Redacted

Redacted is an existing relationship of FPFS London since 2001.

The fund is a hedge fund investing solely in the class C-shares Harley International (Cayman) Ltd.

The company is regulated according to Cayman law.

The services asked to be continued by Fortis Bank are: Administration, Transfer Agent, Corporate Secretary, Custody and Financing.

- Nature of investments is changed, at the moment Harley International Ltd invests 100% in treasury bills. Although from a risk point of view this is very safe the IBCoCo deems it remarkable as the investment strategy of the fund is to invest in top 50 S&P 100 stocks hedged by synthetic short derivatives position. However this has changed the risk profile
- It appears that the a condition of the IBCC/CCC to pledge the voting rights on the Harley stocks have not been met as there are voting rights in place for Harley shares held by Redacted Only the investment advisor (Redacted) holds voting rights, but these are not entitled to vote on investment strategy decisions
- As stated in earlier correspondence it appears that Madoff who acts as the Broker Dealers as well as the Custodian for Harley effectively is the investment manager of the Harley Fund. The formal investment manager Redacted in practice only acts as a nominee director. Madoffs double role implies that there is no guarantee that the trades and positions provided by Madoff to Fortis as the Administrator are objective and it is not possible to obtain independent confirmation of trades and positions.
- Compliance/Legal Fortis Curacao has recommended negatively on the requested due to the Madoff issue, in particularly given the size of the increased limit. On the other hand Curacao states that in the 1.5 years servicing the client no problems have appeared. Madoff, a large firm, enjoys a reputable track record/standing and it is noted that Madoff is regulated by the SEC, the NASD as well as by the FSA.
- The IBCoCo deems it however remarkable that :
  - the inability to pledge the voting rights were not communicated to head office
  - that Cayman/Curacao and London apparently disagree on whether to keep providing administration services to Redacted given the Madoff issue stated above

Given the above the committee is not comfortable with accepting the client as presented, especially as a credit proposal is in the pipeline for an increase to USD 160 mln. N. Kam is requested to arrange a meeting with the MT- FPFS and N. Zwikker to discuss the issues. In the meantime the continuation is kept pending.

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